

2005-2006 INCENTIVE PLAN - SENIOR INVESTMENT OFFICER, GLOBAL EQUITIES (Wood)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	3rd Quarter Status Report
65%	Global Equity	Return deviation in basis points relative to Global Equity performance benchmark (GLOBLIC – CPERSGE)	> - 50 basis points = 0 > - 10 basis points = 1.0 > + 15 basis points = 1.5	+ 26 bps [17.44 – 17.18]
5%	Absolute Return Strategies	Return Relative to Program Benchmark (SNLCA1 – CPERHEDG or CPERHEDG2)	>+ 0 basis points =0 >+ 50 basis points = 1.0 >+ 100 basis points =1.5	+ 634 bps [12.19 – 5.85]
2.5%	Corporate Governance External	Excess return of CalPERS' external managers under the oversight of the Corporate Governance PM relative to their respective benchmarks. Governance funds asset weighted by invested capital. (SN6KA1 – CPERSECG or CPERSEC2).	>+75 basis points = 0 >+175 basis points =1.0 >+275 basis points = 1.5	-626 bps [19.39 – 25.65]
2.5%	Corporate Governance Internal	Excess return of CalPERS Internal Relational Portfolio compared to the Wilshire 2500 (SW8B - \$Y082)	> 0 basis points = 0 >+100 basis points = 1.0 >+200 basis points = 1.5	-471 bps [6.99 – 11.70]
10%	Total Fund	Excess return in basis points relative to total fund performance benchmark (SJ1C – CPERSTOT or CPERSTO2).	> -40 basis points =0 > 0 basis points = 1.0 >+20 basis points = 1.5	+136 [12.69-11.33]
85%	Subtotal	Quantitative Measures		

2005-2006 INCENTIVE PLAN - SENIOR INVESTMENT OFFICER, GLOBAL EQUITIES (Wood) - Continued

Qualitative Performance Measures

Weight	Factor	Performance Measure		3rd Quarter Status Report
5%	Strategic Plan for Global Equity	Gain Investment Committee approval of Global Equity Plan by June 30, 2006.	From schedule	On schedule.
5%	Enterprise Diversity	Implement all elements of the enterprise wide diversity plan that relate to the responsibilities of the investment office by June 30, 2006.	From schedule	All elements of the Diversity Plan are being implemented on schedule. This includes: Commissions to minority brokers, the progress of MDP II, and the Diversity Conference.
5%	Environmental Investing	Fund at least two environmental / sustainable investment managers by March 31, 2006.	From schedule	Completed ahead of plan and at a level greater than expected. Four environmental managers have been funded as of March 31, 2006. The first manager was funded in 2005. The second manager was funded 1/30/06. The third manager was funded 2/28/06. The fourth manager was funded 3/31/06.
15%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		

Supervisor's Approval: Original signed by Anne Stausboll

Date: April 25, 2006

INCENTIVE PLAN CHANGE TEMPLATE

Name: Christy Wood

Position: Senior Investment Officer - Global Equity

Part A (Addition of Performance Measure)

Recommend the following Performance Measure be added to the Incentive Plan:

Weight	Factor	Performance Measure	Incentive Schedule	Quarterly Status Report Column

Reason for addition:

N/A – see next page

Part B (Deletion of Performance Measure)

Recommend the following Performance Measure be deleted from the Current Incentive Plan:

Weight	Factor	Performance Measure	Incentive Schedule	Quarterly Status Report Column

Reason for deletion:

N/A – see next page

Part C (Modification of Performance Measure)

Recommend the Performance Measure(s) listed below be modified as indicated:

Description in Current Incentive Plan:

Weight	Factor	Performance Measure	Incentive Schedule	Quarterly Status Report Column
5%	Strategic Plan for Global Equity	Gain Investment Committee approval of Global Equity Plan by June 30, 2006.	From schedule	

Proposed description (changes shown in **bold**):

Weight	Factor	Performance Measure	Incentive Schedule	Quarterly Status Report Column
5%	Strategic Plan for Global Equity	By 6/01/06, submit to CIO the Global Equity Annual Plan for FY 2006/07.	From schedule	

Reason for proposed change:

Due to the departure of Mark Anson and the anticipated CIO start date of June 1, 2006, Annual Plans will be submitted to the new CIO for review and approval. Presentation of Annual Plans to the IC is anticipated in 3rd quarter of 2006.

Supervisor's Approval: Original signed by _____

Date: _____